

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1264472-0

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Memorandum



To : BROOKLYN-QUEENS MRA
(183A-2197)

Date 10/9/84

From : SA [redacted] (C-16) *PM*

b6
b7C

Subject :

[redacted]

ET AL;
RICO (A)
(OO:BQ)

It is requested that the following sub files be incorporated into the main file:

A - Administrative

B - Original FD 302's

C - SCL Suppliers

D - SCL Clients

E - SCL Employees

F- LCN Involvement

G- Labor Matters

H - Subpeonas

PPS:ml

183A-2197 S-20-1

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 9 1984	
FBI — BROOKLYN/QUEENS	

[Signature]

183A2197 sub D-2

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 17 1984	
FBI - BROOKLYN/QUEENS	

-b6
b7C

Bob Guccione lives like a doge. But his *Penthouse* empire is being drained by two stalled ventures

Guccione's Other Plans

BY WILLIAM G. SHEPHERD JR.

"Consider the public's attention as an apple pie," says Bob Guccione. "It can be subdivided only so many times."

Guccione moves about his studio, arranging layouts with a lithe, almost feral athleticism. In an adjoining studio stands the bed where he shoots many of his centerfolds. The walls around him are lined with Kodak boxes storing thousands of slides of beautiful women. Yet another batch of Vanessa Williams photos, for the January issue of *Penthouse* magazine, are spread out on a light box.

He does not act like a publishing mogul as much as an ambitious young photographer. In fact, his empire, one of the great success stories of the 1970s, is running into trouble, and he is talking about its future:

"With the sudden interest in videocassettes and the proliferation of vcrs, there's been a kind of multidimensional explosion in the home entertainment center built around your television set, especially with computer games and video games and the computer itself." His voice is quiet and raspy, as if someone were cleaning a boiler with No. 6 sandpaper down in the basement. "All of this has got to eat into the pie," he says. "And magazines have lost."

But Guccione, who never gets up before noon and rarely leaves his \$20 million townhouse on Manhattan's East 67th Street, has more pressing problems. His publishing business isn't in danger of closing its doors. But it is being bled by an enormous cash drain from his expensive ventures outside of publishing. While would-be entrepreneurs were hawking early copies of *Penthouse*'s September "Miss America" issue on the streets this summer, Wall Street's D. H. Blair & Co. Inc. was busily scouring the investment community for virtually anyone who would purchase one million units of International Fusion Energy Systems Co. Inc. (IN-ESCO), Bob Guccione's costly, visionary fusion energy company. By the time Vanessa Williams' photos in September's *Penthouse* had become passé, INESCO's initial public offering had collapsed. That

left Guccione with a \$17 million investment in a nowhere project that has, for the moment, ceased operations.

"Not only do I have INESCO drawing \$5 million or \$6 million a year, I have Atlantic City drawing \$7 million a year," says Guccione. "This is like a hemorrhage: I'm laying out \$12 million to \$13 million a year for nonproductive investments."

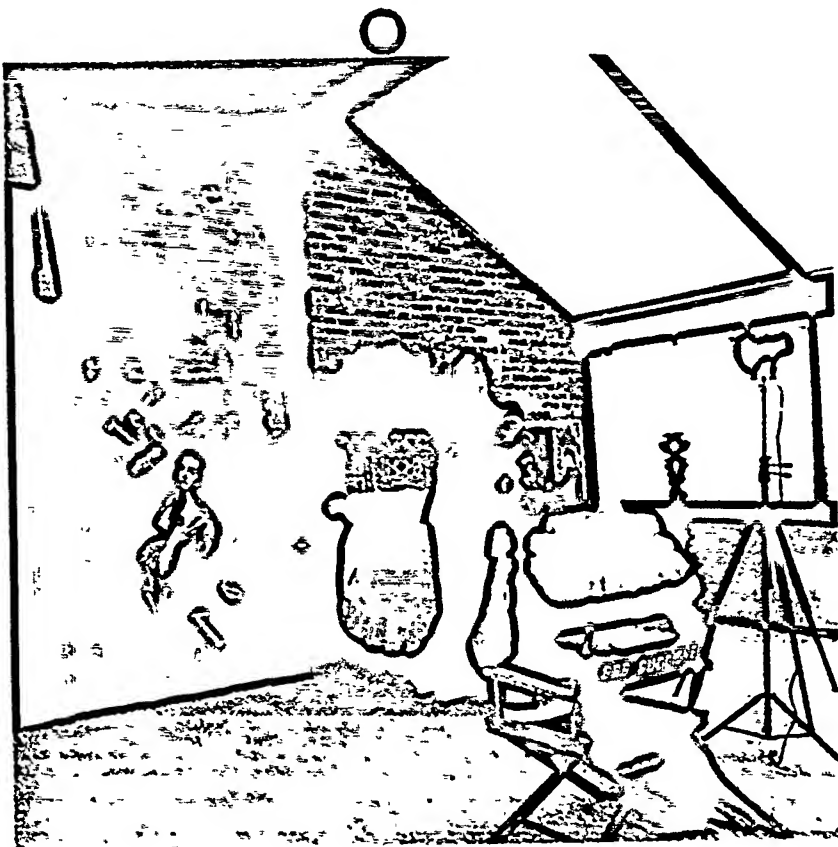
Guccione was the second, after Resorts International, to acquire properties in Atlantic City for a casino/hotel. He has some \$86 million tied up in the six-year project, but it remains nothing more than a rusting-steel-skeleton-on-the-Boardwalk; he has been unable to proceed with construction because of financing difficulties—delays that have cost him another \$60 million or more in lost interest. He partly blames the FBI, which attempted to implicate him in its 1980 Abscam sting operation, for his difficulties in getting the \$150 million he needs to make the casino/hotel a reality. In Guccione's original plan, the casino's profits would have funded INESCO's research. Meanwhile, he says: "Believe me, if an offer came along to buy me out at a good price, I would consider it."

And Bob Guccione's cash drain has stalled a wide variety of other projects, from motion pictures and a direct-broadcast "adult" TV channel to a research effort in genetic engineering. In conjunction with his nonprofit Omni Foundation, set up to fund unusual scientific research, he talks about starting a venture capital fund.

Guccione can tinker with these projects—if not begin them just now—because of *Penthouse*. Thanks to a higher cover price, Guccione says the magazine still generates a profit of about \$20 million a year. But circulation, as high as 4.7 million in the 1970s, was down to 3.2 million as of June. Ad revenues are off, too: They were down 16.1%, to \$8.4 million, in the first five months of this year. The downtrend is too pronounced to ignore, particularly since the magazine is the bulwark of the Guccione empire. To improve profits, he plans major changes

His nine-level townhouse in New York is stuffed with a treasure trove of art and artifacts. For protection: four monster Rhodesian ridgeback dogs

Photos by Bill Kei



in the publication starting in January.

In the 19 years since he started *Penthouse* on a shoestring in London, Penthouse International has grown to include his science/science fiction monthly, *Omni*, pocket-sized *Penthouse Forum* and *Variations*, plus eight editions licensed abroad. Unlike most publishing groups, Guccione has struggled hard to remain sole owner, and, as such, he seldom reveals details of the business. He has even, until his latest difficulties, avoided borrowing from banks. With a reputed \$200 million in net assets, 53-year-old Guccione ranked 187th on *Forbes's* 1984 list of 400 richest Americans, behind Steve Jobs yet ahead of Norton Simon. Archrival Hugh Hefner doesn't make the list at all.

For all that wealth, Guccione still wears tight trousers, and no one has seen him without the famous gold chains around his neck in years. His blow-dried hair is carefully arranged to obscure the fact that it is growing thin. In his two townhouses, joined and renovated into a fabulous nine-level Mediterranean-style *palazzo*, Guccione has surrounded himself with a treasure trove of art and artifacts, much of it reflecting those two proudest eras of Italian history: the Roman Empire and the Renaissance. In his own manner he comes across like nothing so much as an enlightened but autocratic doge in Renaissance Venice.

Guccione seems to thrive on controversy. The September issue of *Penthouse*, with Vanessa Williams' nude photos, sold 5.8 million copies at \$4 apiece. He appears to like a certain amount of public vilification. But also, he must generate excitement among readers and advertisers alike to pull off the changes he plans for the magazine.

Unlike most major magazines, *Penthouse* makes most of its money from circulation rather than from advertising. Moreover, only 4% of circulation is subscriptions; higher-priced newsstand sales account for 96%, compared with 46% for *Playboy*. The strategy is to raise *Penthouse's* ratio of editorial



Guccione maintains creative control over *Penthouse* by editing the magazine's artwork (above, r.) with assistant Jane Homlish



to ad pages to 5-to-1 (it's now about 2-to-1) and to improve the quality of graphics and articles. The number of ad pages, usually around 55 an issue and sometimes as high as 90, will be limited to 30.

His aim is to reduce the clutter of ads, screen them for aesthetic appeal in the manner of *The New Yorker*, and keep them separated to promote "optimum visibility"—and raise the rates. The cover price has already been raised to \$3.50, "with \$4 for special issues."

Magazines typically forfeit money on discounted subscriptions to build circulation—on the grounds that they can charge higher ad rates if they have more readers. Guccione, on the other hand, wants readers more than he wants advertisers. And he is gambling that reducing ads will also reduce printing and delivery costs, and that he can increase newsstand sales sufficiently to offset any decline in ad revenues. Overall, it's an unorthodox move.

In many respects Robert Charles Joseph Edward Sabatini Guccione has always looked on himself as a misfit. The son of a former accountant, he was born in Brooklyn but grew up mostly in Bergenfield, N.J. He was an intelligent (an IQ of 168) but dreamy-eyed student who graduated from prep school at Blair Academy, where he was a wrestler. He only failed one course in high school: journalism.

LONDON'S PREMIERE DRY-CLEANER

Guccione tells a beguiling story about himself, from his younger days before *Penthouse*. The tale demonstrates both his flair for promotion—and his ceaseless talent for antagonizing bosses.

In Paris, Guccione's art was going nowhere, his satirical greeting cards were selling poorly, and he was, as usual, broke. He lit out for London to find work and poured over the help wanted ads. "Immediately I went to 'Management and Executive'—which shows the bloated sense of importance I had," Guccione remarks.

He found an opening as manager of a dry-cleaning plant that had wholesale clients and a few retail outlets. Called Knobb's of London, it had lost money for years, slipped into receivership, and was then owned by a laundry auctioneering firm that had no dry-cleaning experience and couldn't find a buyer for the business.

"I sent them a telegram, something that never happens in England, saying 'Please hold the job, don't make a decision until I've seen you,'" Guccione recalls.

Experience? He had driven a dry-cleaner's delivery truck one summer in New Jersey. But he figured he could fake it. Besides, the British viewed American dry-cleaning as far more advanced.

"They said, 'What solution do you use?'" Guccione knew nothing about dry-cleaning solutions. But there was a drink called V-8 in the U.S. with eight vegetables in it. "V-7," Guccione told them. "They said, 'What's that?' and I said, 'It has seven different solutions in it.'" He got the job.

British dry-cleaners in those days took a week or longer to clean a suit. They didn't deliver, and they typically handed the suit back folded, with no box or paper wrapping. Despite considerable skepticism among the parent company's directors, Guccione set about Americanizing the operation—and turned it into London's first 24-hour pickup-and-delivery service.

He stuffed tissue in the sleeves, put suits on hangers, and covered them with plastic bags. He hired neatly dressed college kids to drive trucks, he advertised heavily, and kept prices relatively low. Business began to soar, especially among Americans.

How did the directors react? "Typically British," Guccione says. Instead of congratulating him, they were irritated "because I had done something they said couldn't be done." His arrogance worsened matters, and he began to make enemies among them.

The climax came when Guccione decided to build up the retail shops. First, he changed the name. "In England, Knobb has a foul connotation. Colloquially, 'knob' means the glans of the penis." People were always making remarks. "Someone would stick his head out of a sewer and say, 'Hey Charlie, do you want your knob cleaned?' So we changed the name to Prompt."

He also hired some toughs, at £2 a day, to picket the shops with signs saying, "These prices unfair to organized dry cleaning." People flocked to the shops because prices were so low. But Guccione neglected to inform his directors. They were horrified; they wanted nothing to do with unions, strikes, and Britain's labor movement. So he was sacked.

Now, he says, "I don't have to answer to anybody anymore."
—W.G.S.

Instead of going to college, Guccione struck out for Rome to become a painter. The ensuing 17 years were typically knockabout and frustrating. He finished one marriage (one child) and started another (four children). He migrated to Tangier, Paris, London, Greenwich Village, and back to Paris and London again. He made fitful starts at serious painting, eking out a living by dubbing films and acting, selling cartoons, plus a host of other pursuits, from selling lace to running a dry cleaning operation (see sidebar). "I was never ever successful in holding down a job," he explains, "I have been fired from every job I ever held in my life."

The sole exception was his job as managing edi-

tor of a weekly paper in London. During that time, he began selling back issues of U.S. porno mags and figuring out how to start a competitor to *Playboy* in Britain. Then, in 1965, he started mailing lavish brochures, loaded with photos of half-naked beauties, to raise subscriptions for the new *Penthouse*. With no backing except a few thousand dollars from his father, he used such time-honored financing techniques as delaying checks to his printer until subscription payments came in the following week.

Guccione's brochures touched off an uproar. Apparently some of the brochures were mailed to members of Parliament. He managed to get his first issue published before London's bobbies hauled him off for sending indecent material through the mail. His trial (he was only fined) attracted considerable publicity—and made his first issue a roaring success. No wonder he likes controversy.

Around that time Guccione met a blonde South African exotic dancer named Kathy Keeton, who had studied ballet at Sadler's Wells and who subsequently took over Guccione's ad sales. The two have been intimates ever since. Keeton is now vice-chairman of *Penthouse International*, overseeing day-to-day operations and running *Omni* directly. Tough and shrewd, Keeton is in many respects the power behind Guccione's throne.

In 1969, more than 15 years after *Playboy* defined the market, Guccione started his first U.S. edition. In full-page newspaper ads that depicted *Playboy's* bunny symbol caught in the cross hairs of a gun-sight, he launched the "pubic wars." With more provocative and revealing photos than *Playboy*, plus a strong anti-drug, anti-crime, pro-Vietnam veteran formula, *Penthouse* became the fastest-growing publication in the nation.

Unlike Hefner, Guccione did not get into cable TV. Cable operators aren't always eager, he explains, to include an erotic channel on their systems. The answer, Guccione believes, will be direct broadcast satellite (DBS), and he plans to have an adult channel ready as soon as DBS is in place. "DBS is the right concept, and it has to work, because it eliminates the middleman," he says.

Like most of his projects, the DBS channel is nowhere at the moment, and the industry itself is in its infancy. (The only broadcasting company, 22-month-old United Satellite Communications Inc., has signed on fewer than 5% of the million subscribers it needs to break even.) But some of Guccione's projects are going forward. Next month he will launch a "videomazine" (*Penthouse* photos in cassette form). The first U.S. issue of *New Look* magazine, a *Life*-like publication that Guccione is licensing from a French publisher, is due in March.

On the drawing board are *Cyber*, a robotics maga-

Today, Bob Guccione is reeling from his foray into fusion energy and his long-delayed casino-hotel

zine, *Oz*, a classy science fiction publication—and a revived version of *Viva*, the daring women's magazine that Guccione and Keeton tried several years back. *Viva* folded, Guccione says, because newstands kept positioning it with men's mags.

Meanwhile, Guccione is reeling from his foray into fusion energy. He became interested in the technology when he met Los Alamos physicist Robert W. Bussard, who had an idea for a small, disposable fusion reactor that he felt could be developed far ahead of other fusion schemes. Guccione encouraged Bussard to start a company, but when no investment capital could be found, Guccione began funding the venture himself. He set up headquarters in La Jolla, Calif., and built a laboratory nearby.

Fission, the basic technology behind the atom bomb, creates energy by splitting the nucleus of atoms. Fusion, by contrast, causes the nuclei of atoms to combine; it is the process underlying the sun's energy. Human-made fusion typically takes place in a "tokamak," a doughnut-shaped plasma chamber interlinked with a transformer. But after 30 years of research, no one has been able to get more energy out of a tokamak than goes into it.

Bussard is convinced that large tokamaks will never be commercial. He conceived a mini-tokamak, dubbed the Riggatron in honor of his first \$25,000 credit line from the Riggs National Bank in Washington. The \$6 million Riggatron would, in Bussard's scheme, be thrown away after a month, to be replaced by another, each one producing as much energy as a million barrels of oil. But after years of work, Bussard says the Riggatron is still at least six more years away from becoming a commercial product. Some people think it could be more like 10 or 15 years.

FAILED OFFERING

To continue the research, INESCO hoped to raise nearly \$6 million in its offering. Guccione was not going to sell his own shares; the deal was one million units at \$6 each for 48% of the company.

INESCO, the brainchild of Bussard and physicist Ramy A. Shanny—two visionaries—has been almost entirely supported by Guccione. It has lost some \$6.9 million each year, and the company estimates it will cost \$400 million to get to the point where it can sell the Riggatron in volume. Its officers hope to spin off other products, such as a copper-beryllium alloy it developed that may have applications in electronics and aerospace, to generate cash flow. Meanwhile, INESCO searches for overseas investors to bring it back to life.

His biggest headache, however, is the casino. "I would like to do it entirely alone," Guccione says.

"If I can, I will be the only sole owner of a casino property in Atlantic City, and probably in the United States." He has now lined up a consortium of 11 small savings and loan associations, headed by Plainfield, N.J.'s Queen City S&L, which provided an \$18 million development loan (already being drawn down, says Guccione), to be followed by nearly \$100 million for full construction. He says he will get \$30 million in French export credits to furnish the casino with French products. He believes the property can be finished and opened for \$150 million, though some people in the gambling business figure it may cost him twice that.

Guccione cites two reasons why it has taken him years to get financing. Guccione sank \$70 million into the casino project in anticipation of a \$100 million financing from an Arab investment company in 1978. After that deal fell through, financing was shopped to banks and other institutions all over the country. No one would touch him. It wasn't until late in 1982 that Guccione found out why.

It emerged in Senate subcommittee hearings that Guccione had been set up to be a cat's paw of Abscam, the FBI's giant sting operation in New Jersey that led to convictions of 18 people, including seven members of Congress, for accepting bribes. The Arab investment company and Guccione's original \$100 million deal turned out to be phony.

Posing as a representative of "Abdul Enterprises," sting operator Mel Weinberg dangled the \$100 million in front of Guccione and then put great pressure on him to bribe a Casino Control Commission member. He refused; the Senate subcommittee later found him clean in the Abscam affair.

But, as FBI tapes indicate, Weinberg then set out to "punish" Guccione. "The best way to punish him [Guccione], he doesn't get the . . . place built—that punishes more than anything else," Weinberg is quoted as saying in the Senate Select Committee report.

Wherever Guccione subsequently went for money, Guccione now claims; somebody would quietly inform prospective lenders that the FBI was "interested" in him. "That's all you've got to say to a bank. They disappeared on us," Guccione says.

Guccione's casino woes may be partly due to rumors that he has ties with the mob. The fact that all his grandparents emigrated from Sicily adds fuel to them, as does his habit of hiring Italians. "Any prominent Italian runs into those rumors," he says. Besides, he seems struck by the notion that this lifelong misfit, this stubbornly individual rebel, should be part of anyone else's organization. He has, after all, built his own empire, with its own private but proud Italianate culture. He is the Doge of Sixty-Seventh Street.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription October 23, 1984

On October 15, 1984, [redacted] was interviewed by Special Agent [redacted] F.B.I., and Special Attorney [redacted] Eastern District of New York, in the presence of [redacted] attorneys [redacted] and [redacted]

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[redacted] advised that [redacted] of S.C.L., had a policy of making weekly cash payments to [redacted] key employees, in addition to their regular weekly salaries. These payments ranged from \$350-500 a week and were not reported for tax purposes.

Individuals who received these cash payments were:

- | | |
|---|--|
| 1. [redacted] | 13. [redacted] |
| 2. [redacted] | 14. [redacted] |
| 3. [redacted] | 15. [redacted] |
| 4. [redacted] | 16. [redacted] |
| 5. [redacted] | 17. [redacted] |
| 6. [redacted] | 18. [redacted] (No Longer Employed at SCL) |
| 7. [redacted] | 19. [redacted] (No Longer employed at SCL) |
| 8. [redacted] | 20. [redacted] (No Longer Employed at SCL) |
| 9. [redacted] | 21. [redacted] (LNU) [redacted] |
| 10. [redacted] | |
| 11. [redacted] (LNU) Last Name unknown [redacted] | |
| 12. [redacted] (LNU) Older, White, Female, Italian Descent [redacted] | |

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[redacted] became aware of this practice in [redacted]. He believes it may have stopped in [redacted].

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Investigation on 10/15/84 at Brooklyn, N.Y.

File # 183 A 2197 - D-3by S.A. [redacted]b6
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Date dictated

10/19/84

SEARCHED	INDEXED
SERIALIZED	FILED
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FBI - BROOKLYN/QUEENS	

Continuation of interview of _____

, Page 2

[redacted]

S.C.L. would receive cash. [redacted] had mentioned that [redacted]
[redacted] with KUPER CORPORATION and with [redacted]
[redacted] On at least one occasion [redacted]
[redacted] had seen [redacted]
[redacted] and [redacted] at S.C.L.

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[redacted]

[redacted] is very close with [redacted]
[redacted] and [redacted] would have
[redacted] in his office
[redacted] had given [redacted]
the responsibility for reclaiming and selling the silver, which
had been recovered from the film processing drums at S.C.L.

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[redacted] had been employed at [redacted] S.C.L.
[redacted] had witnessed [redacted]

[redacted]
[redacted]; was also aware of the payoff to
[redacted]

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[redacted] observed [redacted]
[redacted]

Date 4/13/84
Dun & Bradstreet
☐ Birth ☐ Credit ☐ Criminal ☐ Death ☐ INS ☐ Marriage* ☐ Motor Vehicle ☒ Other ☐ Driver's License

To Special Clerk Buded
Return to [Redacted] 182-5 File number 182 183-2197-D
Name and [Redacted] yee, and spouse

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b7C

WOMETCO ENTERPRISES INC
Addresses
Residence MIAMI, FLA
Business
Former

* Date and place of marriage
(if applicable)

Race	Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	Age	Height	Weight	Hair	Eyes
Birth date	Birthplace					
Arrest Number	Fingerprint classification			Criminal specialty		
Specific information desired <u>D & B report</u>						Social Security Number
Results of check						

Submitted 4/20/84

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IA



sub

183A-2197-D-4

mw
4/17/84

(Use reverse side, if necessary)

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 5 1984	
FBI - BROOKLYN/UTENS	

Memorandum



To : BROOKLYN-QUEENS MRA
(183A-2197)

Date 11/27/84

From : SA [REDACTED] (C-16)

Subject : [REDACTED] ET AL;
RICO (A)
(OO:BQ)

b6
b7C

A background check and a review of the files having reference to MORRIS LEVY revealed the following compilation:

NAME	<u>MORRIS LEVY</u>
DOB	<u>8/27/27</u>
SEX	<u>Male</u>
RACE	<u>Caucasion</u>
HAIR	<u>Brown</u>
EYES	<u>Brown</u>
HEIGHT	<u>6'1</u>
WEIGHT	<u>200 Pounds</u>
SSAN #	<u>112-16-2273</u>
ALIASES	<u>MAURICE LEVY</u> <u>WONDER BOY</u> <u>MERSH</u> <u>MOE LEVY</u> <u>MOISHE LEVY</u>

PPS:ml

183A 2197 Sub D-5

"AUTOMATED RECORD"

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 27 1984	
FBI - BROOKLYN/QUEENS	

ADDRESSES

Rural Delivery
Ghent, New York
Telephone # (518) 672-7469
(518) 672-7468

Ghent, Mellenville Road
Philmont, New York
Telephone # (518) 672-7468

480 Park Avenue, 14C
New York, New York
Telephone (212) 838-6299

669 Plantation Road
Jensen Beach, Florida

RD 2, Archbridge Road
Ghent, New York

LEVY is believed to be the owner, and/or in contrôl
of the following business establishments:

ROULETTE RECORDS

PROMO RECORD DISTRIBUTING

EAST SEVENTY SEVENTH STREET REALTY

BUDDAH RECORDS

RAMA RECORDS

KAMA SUTRA RECORDS

SEPTER RECORDS

TK RECORDS

ADAM VIII

LONGINES SYMPHONETTE

BLUE PARROTT

DANCING BEAR

ROUND TABLE

BIRDLAND THEATRE RESTAURANT

PHASE MUSIC

PLANETARY MUSIC PUBLISHING

CAMBRIDGE ONE STOP

SHERLYN PUBLISHING

PEPPERMINT TWIST LOUNGE

M & M CONCESSION

TOWN HOUSE

CALLA RECORDS AND TAPES

SUNNYVIEW FARM

LAZAIRE FINANCIAL

COUNCIL COMMERCE

ASSOCIATES :

ANTHONY SALERNO

VINCENT LOUIS GIGANTE

DOMINICK CIAFFONE

ANTHONY VINCENT CASTALDI

GAETANO VASTOLA

THOMAS VITO EBOLI

JOHN ODDO

JAMES PLUMERI

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b6
b7C

b6
b7C



DOMINIC CONTE

LEVY owns the following Race Horses:

HEADWATER

RICH N FOOLISH

MEAN MISTER NO

ADAM'S GIRL

FOOLISH STORY

WHERE'S BECKER

MAROR MANCOVER

LEVY also owns the SUNNYSIDE FARM, RD 2, Box 268,
Ghent, New York, 12075, (horse stables).

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription
11/28/84

On November 19, 1984, [redacted] was contacted by
Special Agent (SA) [redacted]

[redacted] phone number [redacted] was appraised
of the agent's identity, the nature of the investigation, and
provided the following information:

b6
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b7D

[redacted] a policy of paying
employess weekly cash bonuses, off the books, in addition to their
regular salary checks.

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[redacted] the cash approximately [redacted]
[redacted] had made payments to the following
employees:

1. [redacted]
2. [redacted]
3. [redacted]
4. [redacted]
5. [redacted] (every week)
6. [redacted]
7. [redacted]
8. [redacted]
9. [redacted]
10. [redacted]
11. [redacted] (not every week, only for overtime)
12. [redacted]
13. [redacted] (given cash in lieu of back
commission)
14. [redacted] (given cash in lieu of back commission)
15. [redacted] (\$700 a week in 1981)
16. [redacted] (\$700 a week in 1981)

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Interviewed on 11/19/84 at Queens, NY

File # BQ 183A-2197 Sub P-6

By SA [redacted] ng

Date dictated 11/23/84

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FBI — BROOKLYN/QUEENS

BQ 183A-2197

Continuation of
Interview of [REDACTED]

On 11/19/84

Page 2

17. [REDACTED] \$700 a week in 1981)
18. [REDACTED] (\$700 a week in 1981)

[REDACTED]

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The cash for the "off the book" payments was generated by suppliers paying cash to SCL, after the supplier received a check from SCL in payment of a fictitious invoice provided by the supplier. Cash had been generated in this manner with [REDACTED]

Cash had also been generated by the sale of silver, which had been recovered from film processing. [REDACTED] the SCL [REDACTED] and [REDACTED] where directly involved in the collection and sale of the silver.

[REDACTED]

There were a number of clients who received kickbacks from SCL for their business. [REDACTED]

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[REDACTED]
PENTHOUSE, KORDETT COLOR, PARAMOUNT and PEPSI COLA had been given kickbacks from SCL. [REDACTED] the PEPSI Plant in Purchase, NY, has a SCL business card with [REDACTED] name on it.

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Continuation of
interview of [REDACTED]

On 11/19/84

Page 3

PENTHOUSE and KORDET. [REDACTED] received a 10 percent kickback for [REDACTED] of NADLER and LORIMER (advertising agency).

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[REDACTED] person from
PARAMOUNT, who would receive equipment from SCL based on the
submission of inflated and bogus Purchase Orders by PARAMOUNT.

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[REDACTED] (phonetic) an
independent sales representative 10 - 20 percent of every
advertising account he brought to SCL. GILBERT, FELIX and SHARP
was one of the accounts [REDACTED] had given to SCL.

[REDACTED] SCL, [REDACTED]
[REDACTED] who received a 20 percent
kickback from SCL.

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[REDACTED] SCL,
[REDACTED] \$1,400 Purchase Order from GRAY ADVERTISING for a \$500
job order.

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[REDACTED] had further generated cash by selling
tremendous amounts of film to KUPER CORPORATION at wholesale
prices for cash.

In the late 1970's, SCL was having labor problems with
the union. [REDACTED]

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[REDACTED] During the same period of time [REDACTED] was meeting

BQ 183A-2197

Continuation of
interview of [REDACTED]

On 11/19/84

Page 4

with [REDACTED] the labor problems ceased. After the union stopped
their organizing efforts, [REDACTED] hired [REDACTED]
[REDACTED]

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[REDACTED] is a close associate of [REDACTED]
[REDACTED] at QUALITY COLOR, 305 East 46th Street, NY, NY.

PENTHOUSE
THE INTERNATIONAL MAGAZINE FOR MEN
Founded March, 1965
BOB GUCCIONE
editor & publisher
PENTHOUSE INTERNATIONAL LTD.
(U.S. edition)
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Kathy Keeton (vice-chairman)
David J. Myerson (chief operating officer)
Anthony J. Guccione (secretary-treasurer)
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SEPTEMBER

(Indicate page, name of newspaper, city and state.)

Date:

Edition: SEPTEMBER, 1984

Title: PENTHOUSE

Character:

or

Classification:

Submitting Office:

Indexing:

183A 2197 sub D

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DEC 11 1984	
FBI — BROOKLYN/QUEENS	

934297 sub D-8

934297	sub D-8
1934	
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On 7/28/82, [] provided the following information:

b7D

Source advised ANTHONY GAGGI, CAPO, GAMBINO FAMILY, has a first cousin named CHUCK ANDERSON, who for approximately 20 years was the lead maitre D at the 21 Club in New York City. Currently ANDERSON works for Penthouse magazine. ANDERSON frequents a cafe/restaurant located on Madison Avenue on the west side of the street on either the corner of 62nd or 63rd Street. ANDERSON [] (TRUFFELS REST)

b7D

[]

ANDERSON is associated with a [] (ph). [] has a residence in New York City near the RCA Building, telephone number [] (non pub).

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[] is known as a playboy and may be connected to ANDERSON to meet women. [] previously had problems with the GENOVESE FAMILY several years ago [] (ph) who went to prison []. Due to [] problems with the GENOVESE FAMILY, the GAMBINO FAMILY interceded and now [] is aligned with them through ANTHONY GAGGI and [] who personally straightened out the problems for []

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AUG 4 1982	
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INFORMATION HEREIN OBTAINED CONFIDENTIALLY; INFORMANT'S IDENTITY IS NOT TO BE DISCLOSED UNLESS IT HAS BEEN DISCUSSED WITH CASE AGENT AND DEFINITELY DECIDED THAT THIS PERSON WILL TESTIFY."

On 7/29, 8/2, 5/82, [] provided the following information:

b7D

CHARLES ANDERSON, 1st cousin to ANTHONY GAGGI, Gambino Capo, frequents TRUFFELS RESTAURANT on a daily basis. ANDERSON sets up broads, associated with Penthouse magazine, with rich businessmen. The broads also hangout at TRUFFELS.

TRUFFELS is [] (LNU). [] (LNU), half a wise guy, and [] (LNU) also frequent TRUFFELS.

b6
b7C

ANDERSON recently lost his job at Penthouse after about 5-6 years of employment with them. Due to ANDERSON's background, believed to have had problems with federal authorities, he lost the job so Penthouse would not have problems in getting their casino license in Atlantic City.

[] Penthouse magazine, is privately soliciting for 66 million to complete Penthouse's 150 million hotel in Atlantic City.

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ANTHONY GAGGI and [] are interested in keeping tabs on the activities of ANDERSON, who in his own right is believed to be a millionaire. GAGGI and [] are also interested in obtaining the limosine contract for the Penthouse Casino.

ANDERSON is described as 6'-6'1", 230-240, 50-52 years, rusty colored short hair, wears blue jeans, open shirt and gold chains, one chain has a gold stick of dynamite on it.

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Since ANDERSON recently lost his job, he plans to open a restaurant on 60th Street, between Park and Madison.

It appears ANDERSON is running a high class call girl operation. One woman, [] (LNU) resides at [] New York City.

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1934 2/9/34 Sub D.10

1934
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On December 6, 1982, [redacted] provided the following information.

b6
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Source advised that Quo Vadis Restaurant located at 63rd Street and Madison Avenue will be reopened as Chuck Anderson's Restaurant, owned by [redacted] CHUCK ANDERSON. It is expected that this restaurant will be under the protection of the Gambino Family through [redacted].

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FBI - NEW YORK	



On December 13, 1982, [redacted] provided the following information:

Source advised [redacted] described as 5'11"-6', 190-200, 42-44, balding in front with dark hair, usually wears a suit, is employed in [redacted] has been associated with [redacted] (Lnu), a business partner, for several years. [redacted] on the English Pub.

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[redacted] (Lnu), [redacted] and CHUCK ANDERSON are attempting to reopen the Quo Vadis restaurant.

b6
b7C

Another LCN family had a piece of Quo Vadis and is seeking to keep control of it and the liquor license if new owners come in. It is expected a sitdown will take place between them and members of the Gambino Family with respect to the new restaurant and the owners who are associated with [redacted]

b6
b7C

Source advised CHUCK ANDERSON lives beyond his means and owes everyone money. [redacted] (Lnu) was recently complaining about ANDERSON overextending himself.

New York telephone book reflects [redacted]
[redacted] New York City, [redacted]

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TO BE DISCLOSED WHEN DISCUSSED WITH CASE AGENT AND DEFINITELY
DECIDED THAT THIS PERSON WILL TESTIFY

THIS PERSON WILL TESTIFY BEFORE ITS CONTROL OR FROM NEGLIGENCE.

92-10 (780128)

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On 1/7/83, [redacted] provided the following information.

b7D

Source advised that Quo Vadis Restaurant, Madison Avenue near 45th Street, New York City will be reopened as CHUCK ANDERSON's. The papers were recently signed and [redacted] (ph), and [redacted] (ltn), CHUCK ANDERSON, [redacted]

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Source advised [redacted] is shaking down the restaurant and [redacted] is making the contacts and will make the collection for [redacted] Source stated [redacted] for straightening out [redacted]

b6
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[redacted] had in a coffee shop, near 3rd Avenue and 29th Street, which [redacted]

[redacted] is upset about being shaken down by [redacted] lives with it since [redacted] is upset because he's with other people.

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TO BE DISCLOSED UNDER [redacted]

NOT BE DISCLOSED FROM CONTINGENCIES BEYOND ITS CONTROL OR FROM NEGLIGENCE.

982-10 (78012)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/7/83

On January 24, 1983, CHARLES ANDERSON, 40 Central Park South, New York, New York, was interviewed by Special Agent (SA) [redacted], Federal Bureau of Investigation (FBI), New York. b6 b7C

ANDERSON advised he knows many people possibly including people in organized crime due to his previous employment as maitre'd at the Twenty One Club for approximately twenty seven years. ANDERSON indicated he was compiling a book about celebrities he knows and has met. ANDERSON also intends to open a restaurant with partners called CHUCK ANDERSON's. ANDERSON stated one location was considered, however not concluded due to lease problems involving a piano bar.

ANDERSON stated he had no knowledge of extortion or shy-locking with respect to the restaurant business and would not participate in any such activity.

ANDERSON stated he was not related to and did not know ANTHONY GAGGI, also known as (aka) Nino. ANDERSON also did not know TOMMY AGRO, TOMMY BRUNO, or FRANK DECICCO. ANDERSON was shown a photo of [redacted] and stated he knew [redacted] and had met him within the past couple of months. ANDERSON was advised that [redacted] plead guilty to State Usury charges and was currently on parole. ANDERSON stated he really believed we should continue the interview with his attorney. b6 b7C

ANDERSON stated RAYMOND BURR once remarked that ANDERSON never forgot a name or a face.

ANDERSON advised [redacted] was a [redacted] [redacted] Penthouse Magazine and currently [redacted] and [redacted]. b6 b7C

At the end of the interview Special Agent [redacted] was introduced to [redacted] (Phonetic) (Ph) [redacted] and [redacted].

ANDERSON is described as approximately 55-60 years old, 6'0", 230 pounds, with light brown, thinning hair. b6 b7C

183-219761

Sub D

Investigation on 1/24/83 at New York, New York File # BQ183-2482
by SA [redacted] Jr./jl Date dictated 1/31/83 b6 b7C

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92-10 (780128)

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On 2/1/83, [redacted] provided the following information:

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Source advised [redacted] has contacts with New York LCN figures primarily on a social basis, however [redacted] the Quo Vadis restaurant, Madison Avenue, near 65th Street, which [redacted] was going to shake down. Due to [redacted] muscling in, [redacted]

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[redacted] Miami, Florida, and lives at the [redacted] In New York he resides at [redacted] [redacted] is extremely wealthy and a likely extortion target.

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Coles reflects [redacted] New York, New York, telephone number [redacted]

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On 2/1/83, [redacted] provided the following information:

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Source advised [redacted]

[redacted] he also has a contact in the NYPD who provides him information.

Source also advised that [redacted] and [redacted] have decided not to [redacted] because of their distaste for [redacted] and his announced shakedown of the place. [redacted] has already told [redacted] that any business in the future conducted by [redacted] he wants a piece of.

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P* for 90 days
2/22/83

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription
8/2/83

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On July 25, and 28, 1983, [redacted]

[redacted] was interviewed by Special Agents (SAS) [redacted]

The following is a summary of information voluntarily provided by [redacted]

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Stewart Color Labs, Incorporated, (SCL) deals in the enlargement and development of color photos for commercial purposes. SCL is a partnership comprised of [redacted] is

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[redacted] in SCL, however left on or around the [redacted] At one time, SCL did approximately 7 million dollars in business. Currently sales amount to approximately 5 million. In about October 1982, there was a sizeable loss incurred by SCL, and the business is not doing well.

[redacted] believes this can be attributed to lost accounts, more competition, and the relationship of [redacted] with [redacted]

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Interviewed on 7/25, 7/28/83 at New York, New York

File # BQ (183-2197)

By SAS [redacted] PAH/mm

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PPS

On 9/6/83, [redacted] provided the following information:

The source advised that Truffels Restaurant is managed in the evening by CHUCK ANDERSON., who had been shot during a robbery at Truffels recently. [redacted]

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The source said he believed in the past that NINO GAGGI was unhappy with ANDERSON due to ANDERSON's well publicized contacts with the FBI, CIA, and Washington, D.C.

Currently, [redacted] LNU, one of the original owners and [redacted]

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(Mount Clipping in Space Below)

Robber Wounds A Restaurateur On the East Side

By LEONARD BUDER.

An owner of Truffles Cafe at 696 Madison Avenue, near 62d Street, was shot and critically wounded in an attempted robbery by two gunmen early yesterday.

The wounded man, Charles Anderson, 62 years old, was taken to Bellevue Hospital, where he underwent surgery. He was listed in guarded condition last night.

Two men who entered the restaurant shortly after the gunmen fled found Mr. Anderson on the floor near the bar, bleeding from a gunshot wound in the left side of his chest. Six employees and a patron were in the kitchen, afraid to move, after being herded there by the gunmen, the police said.

Inspector Joseph G. DeMartino of the Manhattan Detective Area said that the gunmen confronted a kitchen helper at 1:30 A.M. as he was putting out the garbage in a rear alley and forced him back into the kitchen.

Once inside, the gunmen rounded up all the employees and the patron. While one of the robbers held those in the kitchen at gunpoint, the other took Mr. Anderson into the dining area of the restaurant.

"The people in the kitchen heard a noise, possibly a shot, then the second gunman came back, got his partner, and they left after warning everyone not to move," Inspector DeMartino said.

The inspector said that the cash register at the bar was open, but that it did not appear that the gunmen took any money.

"The receipts were probably placed in the safe before this happened," he said. "If they got any money, it was only what Mr. Anderson might have had on him."

The restaurant's safe was still locked when the police arrived.

Inspector DeMartino said that there was no indication Mr. Anderson had offered any resistance.

"Right now," he said, "we do not know why Mr. Anderson was shot."

Date:
Edition:

9/7/83
N.Y. TIMES

Title:

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Character:

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Classification:

Submitting Office:

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Indexing:

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription
10/25/83

1

CHARLES ANDERSON was interviewed at the Intensive Care Unit, Bellevue Hospital, New York City, and advised as follows:

ANDERSON advised that he is recovering from gunshot wounds received at his place of employment, Truffles Restaurant, Madison Avenue, New York City, New York, approximately five (5) weeks ago, during a stick-up. The nurse advised that this is the first day that ANDERSON has been able to talk since arriving at the hospital.

ANDERSON advised that he knows ANTHONY GAGGI, "Nino", and that he did have a loan with GAGGI for several years. He does not recall the exact figure but did pay GAGGI \$150 per week. He also made payments to [redacted] for a while and suspected that GAGGI [redacted] ANDERSON stated that he did not pay any vigorish on the loan.

ANDERSON further advised that he knew a lot of "wise Guys" as a result of being in the restaurant business. ANDERSON went on to name [redacted] (First Name Unknown) (FNU), [redacted] and FNU [redacted]

ANDERSON appeared to be very tired at this point and the interview was terminated.

Interviewed on 10/24/83 at New York, New York

By SAS [redacted] /AHR/mmd

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File # BQ (183A-2016)-82

Date dictated 10/24/83

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On November 21, 1983, [redacted] furnished the following information to Special Agent [redacted]

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Source advised that CHUCK ANDERSON was the right hand man to BOB GUCCIONE of Penthouse Magazine. Source advised that GUCCIONE and ANDERSON tried to secure a mortgage, [redacted] for a casino venture in Atlantic City. Penthouse has since sold this interest in the casino in Atlantic City. Source advised that GUCCIONE and ANDERSON had a Penthouse apartment located at 40 Central Park South in Manhattan.

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Source advised that CARL RIZZO had close ties with GUCCIONE and ANDERSON. RIZZO was killed by a motorcycle gang in Buffalo, New York. RIZZO was closely associated with [redacted] SAM "The Plumber" DE CAVALCANTE, and TOMMY "CORKY" VASTOLA.

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Source believes that Penthouse's main organized crime connections would lie with the Buffalo and New Jersey organized crime families.

INFORMATION HEREIN OBTAINED CONFIDENTIALLY;
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UNLESS AUTHORIZED BY THE AGENT
AND THE AGENT'S SUPERVISOR. NO OTHER PERSON WILL
TESTIFY.

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SSA 2194 sub 022
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P P

FEDERAL BUREAU OF INVESTIGATION

Date of transcription
4/27/841

On April 23, 1984, a Grand Jury subpoena was served on [redacted], NY, by Special Agents (SAs) [redacted] and [redacted] Federal Bureau of Investigation (FBI), NY. The subpoena directed [redacted] to appear on May 4, 1984.

[redacted] states he resides at [redacted].

[redacted] stated he is a [redacted].

[redacted] stated that [redacted] referred to [redacted].

[redacted] did not want to answer any more questions until he obtained an attorney. [redacted] stated he had two attorneys in mind but had not decided who would represent him.

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Interviewed on 4/23/84 at [redacted]
By SA [redacted] vls

File # NY 183A2197-143
Date Dictated 4/25/84

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

195A-2197 sub 0.23
p 2

APC



FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/7/84

On April 27, 1984, [redacted] was interviewed by Special Agent (SA) [redacted], of the Federal Bureau of Investigation (FBI), New York (NY), at the office of Special Attorney, [redacted], Eastern District of New York, regarding a criminal investigation involving Stewart Color Laboratories, Inc., (SCL). [redacted] was accompanied by his attorney [redacted] stated he was a friend of [redacted]

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[redacted] at SCL by CHUCK ANDERSON, who previously worked at the 21 Club and is now deceased.

CHUCK ANDERSON also introduced [redacted] does (phonetic) at Penthouse about ten (10) years ago. [redacted]

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[redacted] described [redacted] as a DAMON RUNYON character. Kordet is a non-union company and attempts were previously made by Amalgamated Lithographers to organize Kordet.

Investigation on 4/27/84 at Brooklyn, NY

File # 183A-2197-10

by SA [redacted] Jr/ng

Date dictated 5/1/84

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12/19/84

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183-2197-^{Sub}1-26

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183-2197-0-30 ^{Ends}

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UNMATED RECORD

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183A-2197-D-39

PR
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FBI — BROOKLYN/QUEENS	

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Memorandum



To : SAC, (183A-2197)

Date 1/18/85

From : *PP* SA [redacted] (C-16)

Subject : [redacted] ET AL;

RICO-EXTORTION (A)

(OO:BQ)

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On 1/18/85, [redacted]

[redacted], was telephonically advised of his required appearance before the Grand Jury, on the 29th of January 1985 at 10:00am. [redacted] was advised that the Grand Jury is located at the United States Court House, Eastern District of N.Y., 225 Cadman Plaza East, Room 479, Brooklyn, N.Y.

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[redacted] advised that [redacted] and requested that the Grand Jury Subpoena be mailed to his residence.

On 1/18/85, the writer mailed a copy of the Grand Jury Subpoena to the residence of [redacted] by means of registered U.S. Mail.

183A 2197 SubD -40

SEARCHED	INDEXED
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JAN 18 1985	
FBI - BROOKLYN/QUEENS	

Sub
183A 2197-D-41

SEARCHED	INDEXED
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183A 2197-D-42

SEARCHED	INDEXED
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FEB 15 1985	
FBI — BROOKLYN OFFICE	

PS

MJT:icf

1.

On March 5, 1985, [redacted] furnished the following information to Special Agent [redacted] of the Federal Bureau of Investigation:

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Source advised that CHUCK ANDERSON, an assistant to BOB GUCCIONE of PENTHOUSE, INCORPORATED, was partners with [redacted] (phonetic) (ph), a [redacted] [redacted] is also closely associated with Las Vegas entertainer, [redacted] [redacted] New Jersey organized crime [redacted]. Source advised [redacted] from New York to attempt to structure a deal involving a new PENTHOUSE Casino in Atlantic City, New Jersey. Source had heard that BOB GUCCIONE [redacted] [redacted] doing business as [redacted] in upper Westchester, New York. The purpose of this introduction was to [redacted] Source advised that this deal fell through due to financial difficulties and a bankruptcy proceeding that [redacted] was involved in. The source advised that as a result the plans for the PENTHOUSE Casino were scrapped.

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Source also advised that [redacted] and CARL RIZZO of Buffalo also had an interest in seeing the PENTHOUSE Casino project come to fruition. Source had heard that [redacted] [redacted] the casino project in Atlantic City. Source was of the opinion that Cleveland organized crime money was going to be used to back this casino project. Source does not know if [redacted] [redacted]

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Source advised that there was very bad blood between [redacted] [redacted] and CHUCK ANDERSON. Source heard that [redacted] had put ANDERSON on his payroll because ANDERSON was instrumental in getting some large union [redacted] Source also heard that [redacted] felt ANDERSON was taking too much money from him.

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INFORMATION CONTAINED HEREIN IS UNCLASSIFIED;
EXCEPT WHERE SHOWN OTHERWISE, IT IS THE PROPERTY OF
THE FBI AND IS TO BE HANDLED AS UNCLASSIFIED
EXCEPT WHERE SHOWN OTHERWISE.
TEST, 7.

183A2197-D-43

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MAR 12 1985	
FBI - BROOKLYN/QUEENS	

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/19/85

1.

On July 18, 1985, [REDACTED]

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[REDACTED] of EASTMAN KODAK COMPANY, 1133 Avenue of the Americas, New York, N.Y., was apprised of the agent's identity, the nature of the investigation, and provided the following information:

That STEWART COLOR LABORATORY (S.C.L.) located at 563-11 Avenue, New York, N.Y., 10036, is a full service custom lab capable of performing the following photographic functions:

1. Black and White processing of negatives and prints.
2. Color processing of negatives and prints.
3. Transparencies
4. Mounting of prints.
5. Laminating prints.
6. Customizing print size to the clients' request.

S.C.L. like most other photographic labs, has the capability of recovering silver from the processing system. Based on the utilization of the photographic supplies purchased from Kodak, S.C.L.'s silver recovery would have been approximately 2,000-3,000 troy ounces per year since 1979. The price per troy ounce is determined by averaging 20 consecutive daily price quotes by HANDY & HARMAN in N.Y. Since 1979 the price of a troy ounce of silver has fluctuated between \$40. and \$6.00.

S.C.L. has utilized CINER CHEMICAL & REFINING CO., INC.,
247 Green Street, Brooklyn, N.Y. for their silver recovery.

b6
b7CInvestigation on 7/18/85 at New York, N.Y.File # BQ 183-A-2197 - D-44

by SA [REDACTED]

Date dictated 7/19/85

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 19 1985	
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BQ 183-A-2197

2.

Refineries such as CINER usually charge 30-40% for their processing service. Kodak offers silver recovery processing to it's clients at a 10% fee, and would send a check for the balance, directly to the client.

Memorandum



To : BQMRA (183A 2197) (P)

Date 9/26/85

From :

S.A. [REDACTED]

(C-16)

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b7C

Subject :

[REDACTED]

ETAL;

RICO: (A)

OO: NY(BQ)

On 9/26/85, [REDACTED]

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[REDACTED] APPEARED BEFORE THE

FEDERAL GRAND JURY, EDNY, AND [REDACTED]

[REDACTED] WAS REPRESENTED BY
HIS ATTORNEY [REDACTED]

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ADMINISTRATIVE: [REDACTED]

TESTIFIED BEFORE THE GRAND JURY, THAT [REDACTED]

183A 2197 Sub D-45

FBI — BROOKLYN/QUEENS

REGION

NEWSDAY Wed. Sept. 24, 1986

Charges Link Record Firm to Mob

By Anthony Scaduto

Morris Levy, owner of Roulette Records, four reputed members of the Genovese and DeCavalcante Cosa Nostra crime families and 16 other men have been indicted by a federal grand jury in Newark on charges ranging from racketeering and loansharking to extortion and narcotics distribution, federal prosecutors said yesterday.

The indictment lists charges in several cases, including one in which a former member of the Maryland House of Delegates, George Santoni, is charged with being part of a ring that distributed cocaine and heroin in New Jersey and Pennsylvania.

Levy, 59, of Manhattan, was arrested in Boston and is expected to be arraigned in a few days, according to Thomas W. Greelish, U.S. attorney for New Jersey. Levy was charged with three counts of extortion. Ten defendants were accused of violating the Racketeer-Influenced and Corrupt Organization Act.

Levy — a frequent subject of investigations into alleged ties to organized crime who had never been arrested before — is accused of being part of an ex-

tortion conspiracy involving a disputed record deal between a Philadelphia-area record distributor and the records division of MCA, the giant entertainment conglomerate.

According to Greelish, the alleged extortion began around March, 1984, when the distributor, Out of the Past, Inc., bought on credit \$1.25-million worth of "cut-out" records from MCA. Cut-outs are dated records, no longer popular, that are sold to discount stores at a fraction of original list price.

When the 60-truck shipment of about five million records and cassettes reached Out of the Past, its president, John Lamonte, "learned the shipment had been creamed — the better records he had ordered were taken off the top," Greelish said. Lamonte refused to pay MCA, or Levy, who had some arrangement with MCA to collect the debt, Greelish said.

Levy and Gaetano Vastola, 58, of Colts Neck, N.J., a reputed soldier in the DeCavalcante crime family described as head of a group the FBI calls the Vastola Organization, held a series of meetings to decide what to do about the recalcitrant record distributor, authorities say.

"Levy and Vastola had guaranteed payment to

MCA or had vouched for Lamonte, and there was a question of who was responsible for the debt," Greelish said. "I don't want to categorize it as a 'sitdown,' but there was a difference of opinion between Levy and Vastola and a meeting was held at which [Dominick] Canterino presided."

Canterino, 56, of Brooklyn, has been identified by law-enforcement authorities as a captain in the Genovese Cosa Nostra family.

The result of the meeting, according to the indictment, was an extortion conspiracy aimed at forcing Lamonte to pay. When he continued to refuse, said Greelish, he was beaten up by Vastola and threatened by Levy and several men in Vastola's crew.

The indictment charges that Howard Fisher, 61, of Lawrence, L.I., controller of Roulette Records, also took part in the threats and extortion.

Lamonte went to federal authorities and was placed in the witness protection program.

Greelish said MCA had billed Levy for the records shipped to Lamonte. Several of those indicted in Newark were at the same time charged in Maryland with conspiring with Santoni, the former Maryland legislator, to distribute heroin and cocaine.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

NEW YORK NEWSDAY

Date: WEDNESDAY, 9/24/86

Title:

Character:

or

Classification:

Submitting Office:

Indexing:

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1 SEP 25 1986

FBI — BROOKLYN/QUEENS

FBI/DOJ

(Mount Clipping in Space Below)

NEW YORK DAILY NEWS WED. SEPT. 24, 1986

21 INDICTED AS GANGSTERS**Mob-biz
charges**

A Newark federal grand jury has indicted 21 people in crimes that included the beating of a record distributor who owed \$1.2 million to a major record company, authorities said yesterday.

The defendants, four with alleged organized crime ties and a former Maryland state representative, were charged with running a crime syndicate involved in prostitution, loan sharking at 520% rates and drug trafficking.

A Pennsylvania man, John Lamonte, who bought more than 4 million records from MCA Records, was the beating victim. There were no allegations that MCA was involved in wrongdoing.

U.S. Attorney Thomas Greelish said Morris Levy, 59, of New York City, owner of Roulette Records, had an arrangement with MCA to collect the \$1.2 million owed for the records. Lamonte, now in a federal witness program, balked at paying because many top records were not included. In May 1985, Lamonte was beaten and his jaw broken by Gaetano Vastola, 58, of Colts Neck, N.J., a soldier in the DeCavalcante crime family, Greelish alleged.

Vastola was charged with racketeering, extortion, loan sharking, wire fraud, narcotics violations, firearms violations and conspiracy. Levy was charged with extortion.

The indictments also charged Dominick Canterino, 56, of Brooklyn, identified as a soldier in the Genovese crime family, and Howard Fisher, 61, of Lawrence, L.I., Roulette's controller, with extortion. Others charged with racketeering include Palmer Brocco, 63, of Howell; Nicholas Massaro Jr., 44, of Long Branch; Rudolph Farone, 57, and Larry Martire, 55, both Brooklyn; Elias Saka, 62, of Deal; Benjamin Stone, 74, of Asbury Park; George Santoni, 47, of Cockeysville, Md., a former member of the Maryland House of Representatives; Thomas Zito, 49, of Howard Beach, and Charles Majuri, 43, of Linden.

(Indicate page, name of newspaper, city and state.)

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183#2197 - Sub D-47

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1 SEP 25 1986	
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(Mount Clipping in Space Below)

SEE ATTACHED(Indicate page, name of
newspaper, city and state.)

STATEN ISLAND ADVANCE

Date: WEDNESDAY, 9/24/86
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Indexing:

183A2197 -D-48

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FBI - BROOKLYN/QUEENS	

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FBI/DOJ

3 Islanders indicted in N.J. rackets probe

By PHILIP RUSSO
ADVANCE STAFF WRITER

Three Staten Island men, including a reputed Gambino crime family soldier and his son, were named on gambling charges in a multi-defendant racketeering and narcotics indictment unsealed yesterday in Newark federal court.

According to the 117-count indictment, Alexander, "Pope Dee" D'Alessio, 72, of Leverett Avenue, Eltingville, the reputed former bookmaking boss of Staten Island, and his son, Alexander Jr., 43, of Chesterton Avenue, Oakwood, were named on various gambling counts. If convicted, the elder D'Alessio faces up to 35 years in prison, while his son faces a maximum of 20 years.

Also hit with gambling charges in the indictment was Vincent Urus, 37, of Buffington Avenue, Annadale. If convicted, he faces up to 10 years in prison.

The 21 defendants named in the indictment are accused of partici-

Arrests resulted from a 2-year investigation involving FBI

pating in illegal activities of a criminal organization headed by Gaetano Vastola, of Colts Neck, N.J. Vastola is a soldier in the DeCavalcante crime family, according to New Jersey State Police.

Ten defendants were charged under the Racketeer Influenced Corrupt Organization (RICO) statute. Neither the D'Alessios nor Urus face RICO charges.

The D'Alessios and Urus were arrested without incident, early yesterday morning in their homes.

According to Andy Baxter, an assistant U.S. attorney in Newark, a bail hearing for the three Island men was held yesterday in Brooklyn Federal Court. The government did not ask that the three be held on bail, Baxter said.

The D'Alessios and Urus are to

be arraigned Monday at 9:30 a.m. before U.S. Justice Stanley Brotman in Camden, N.J., Baxter said.

The three Staten Island men were arrested in December 1984 during a police raid on a "wire room" in West Brighton. Police found the men manning phones in a room at 1257 Castleton Ave. Each was fined \$1,000 after pleading guilty to gambling charges in Stapleton Criminal Court.

The three Island men were arrested last year in the same location, but the disposition of that case is not known.

The indictment was the result of a two-year joint investigation between FBI and New Jersey law enforcement officials.

Palmer Brocco, 68, of Howell Township, N.J., faces the most

years — 539 — on the RICO charges, which include narcotics, extortion, loansharking, wire fraud, firearms violations and conspiracy counts.

Vastola, Brocco and four other men, including a former member of the Maryland House of Delegates, are charged with being part of a heroin and cocaine trafficking ring that operated in New York, New Jersey, Maryland, Delaware and Pennsylvania between November 1984 and September 1986.

The others charged in the drug ring are George Santoni, 47, of Cockeysville, Md.; Nicholas J. Massaro Jr., 44, of Long Branch, N.J.; Elias Saka, 62, of Deal, N.J., and Thomas Zito, 49, of Howard Beach, Queens.

According to the indictment, Brocco and Massaro, under the direction and protection of

Vastola, arranged for the delivery of the narcotics from sources in Maryland and elsewhere. The organization transported the heroin and cocaine into New York and New Jersey for distribution in both states as well as Pennsylvania.

Santoni's role, according to Greelish, was to arrange for the transportation of heroin and cocaine from Maryland to New Jersey.

Santoni had met one of the defendants while both were serving prison terms, the U.S. attorney added.

Santoni served 43 months in prison after a 1977 federal extortion conviction. He was sentenced to a one-year term in 1978 after being convicted of conspiring to transport stolen goods across state lines.

Zito allegedly served as a contact between Vastola's organization and narcotics distributors in New York.

Another section of the indictment charges Morris Levy, 59, of New York, owner and president of Roulette Records in Manhattan, with extortion relating to a deal with MCA Records Inc., of Universal City, Calif. If convicted, Levy faces up to 60 years in prison.

The record-company charges stem from the beating of a Pennsylvania man, John Lamonte of Darby, whose record distributorship, Out of the Past Ltd., bought more than 4 million records from MCA, authorities said.

Federal authorities said there

were no allegations that MCA was involved in any wrongdoing.

According to U.S. Attorney Thomas Greelish, Levy had an arrangement with MCA to collect from Lamonte the \$1.2 million for previously popular records and cassettes.

Lamonte, now in the federal witness relocation program, balked at paying because many of the top records he ordered were missing in the 60-truckload delivery, Greelish said.

In May 1985, Lamonte was beaten and his jaw broken by Vastola, Greelish alleged.

Eventually a few thousand dollars of the \$1.2 million debt was paid, but Greelish declined to say who paid it and who received it.

According to Greelish, the defendants charged in a scheme to defraud Western Union Telephone Co. are Barry Harris, 46, of Wanamassa, N.J.; Bruce Howard, 38, of Sayreville, N.J.; Jack Brennan, 64, of Elizabeth; Dan Marino, 55, of Cherry Hill, N.J., and Paul Sanazaro, 53, of Hollywood, Fla.

Also named in the indictment are Rudolph Farone, 57, Larry Martire, 55, and Dominick Canterino, 56, all of Brooklyn; Benjamin Stone, 74, of Asbury Park, N.J.; Charles Majuri, 43, of Linden, N.J., and Howard Fisher, of Lawrence, N.J.

New Jersey state police also have identified Farone and Majuri as soldiers in the DeCavalcante crime family.

Canterino was identified by state police as a soldier in the Genovese organized crime family.

The 117-count indictment was handed up Friday but kept sealed to allow the arrest of some of the defendants.